

## COMPARABILITY PAY RATE ADJUSTMENTS BASED ON 1971 BUREAU OF LABOR STATISTICS SURVEY

SEPTEMBER 30, 1971.—Committed to the Committee of the Whole House on the  
State of the Union and ordered to be printed

Mr. DULSKY, from the Committee on Post Office and Civil Service,  
submitted the following

### REPORT

TOGETHER WITH

### MINORITY VIEWS

[To accompany H.R. 10881]

The Committee on Post Office and Civil Service, to whom was referred the bill (H.R. 10881) relating to comparability adjustments in pay rates of the Federal statutory pay systems based on the 1971 Bureau of Labor Statistics survey, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Page 1, line 3, strike out "(a)".

Page 2, strike out lines 15 through 23.

#### EXPLANATION OF AMENDMENTS

There were two Committee amendments.

The first amendment strikes out the reference to subsection (a), and is a technical amendment to conform the bill with the second amendment which strikes out subsection (b).

The second amendment strikes out all of subsection (b) of the first section of the bill. Subsection (b) would have suspended operation of the automatic pay adjustment provisions of section 8, Public Law 90-207.

Section 8 of Public Law 90-207 requires that whenever rates of the General Schedule are adjusted upwards, there should be a comparable upward adjustment in the monthly base pay of members of the uniformed services.

Subsection (b) would have prohibited such an adjustment in military pay if the General Schedule rates were increased in January 1972. The elimination of subsection (b) will permit the usual comparability adjustments for members of the uniformed services in January 1972, if the General Schedule rates are adjusted in January 1972.

#### PURPOSE

The purpose of this legislation is to guarantee that the comparability pay adjustments for Federal employees under statutory pay systems, to be effective in January 1972, shall not be greater than amounts permitted under the wage or salary guidelines, if any, that are in effect in January 1972, under any wage or stabilization order of the President.

#### STATEMENT

This legislation was ordered reported by the Committee by a voice vote.

The Federal Pay Comparability Act of 1970 (Public Law 91-656) approved January 8, 1971, established a permanent method of adjusting the rates of pay of Federal employees who are paid under the various statutory pay systems.

The Act requires the President to make annual adjustments on the basis of the data acquired by a Bureau of Labor Statistics survey of comparable rates paid for the same levels of work in private industry.

One feature of the 1970 Act authorizes the President to submit an alternate pay plan if he considers it inappropriate to make the comparability pay adjustment because of a national emergency or economic conditions affecting the general welfare.

The President has submitted such an alternate pay plan proposing to delay the January 1972 adjustments until July 1972. The plan is contained in the President's Message to the Congress, dated August 31, 1971 (House Document No. 92-158).

The 1970 Act also provides that the alternate plan submitted by the Congress will become effective automatically unless either House of Congress approves a resolution disapproving the alternate plan.

The House Post Office and Civil Service Committee has reported such a resolution (H. Res. 596, House Rept. No. 92-483). The resolution is now pending before the House.

The primary justification for the Committee action in approving H. Res. 596 is to remove the inequity that would be placed on Federal employees under the President's alternate plan. The plan has the effect of continuing the wage freeze for Federal employees until July 1972, whereas under the current wage freeze, the freeze for employees in private industry will continue only until November 13, 1971.

It was stated in the report that our Committee is committed to support the President should he issue a new wage freeze order treating private industry employees and Federal employees on an equitable basis.

This legislation is intended to carry out that commitment.

Upon adoption by the House of H. Res. 596, it will then be incumbent upon the President, under the provisions of 5 U.S. Code 5305, to issue orders implementing the full comparability pay adjustments due

in January 1972. This legislation will guarantee that Federal employees will not receive greater increases than private industry employees will receive, and that all employees will be treated on an equal basis, should wage freezes be in effect during January 1972.

Under the provisions of the 1970 Comparability Act the President is required to make annual comparability adjustments in the statutory rates of pay as he determines appropriate to carry out certain pay-fixing principles, one of which is that Federal pay rates shall be comparable with private enterprise pay rates for the same levels of work.

To effectively implement the above-stated comparability principle the President is required to appoint an agent to prepare an annual report that, among other things, compares the rates of pay of the statutory pay systems with the rates of pay in private industry for the same levels of work as determined on the basis of annual surveys to be conducted by the Bureau of Labor Statistics. After considering the report of his agent, the President is required to make annual adjustments in the rates of pay of each statutory pay system.

Under section 3(c) of the Federal Pay Comparability Act of 1970, the 1972 comparability pay adjustments for Federal employees under statutory pay systems will be based on the 1971 Bureau of Labor Statistics survey and will become effective in January 1972. No one knows at this time exactly what adjustments will be required in January 1972 since the data from the Bureau's 1971 survey will not be available until sometime in November 1971.

This legislation, in effect, provides that notwithstanding the results of the 1971 Bureau of Labor Statistics survey or any of the provisions of section 5305 of title 5, United States Code, which sets forth the pay-fixing procedures established under the Federal Pay Comparability Act of 1970, any comparability adjustments which are to become effective in January 1972 shall not exceed any wage or salary increase that may be authorized at that time by the President under a wage or salary stabilization order.

At the present time we do not know what economic controls will be in effect in January 1972. We do know that the President's current 90-day wage-price freeze will expire in November 1971, and that Federal employees who are under the various statutory pay systems are due for a pay increase in January 1972 which will be postponed until July 1972 unless H. Res. 596 is approved.

Our main objective under the 1970 Federal Pay Comparability Act was to guarantee equality of treatment insofar as wages are concerned for Federal employees. In that respect we fully recognize, and acknowledge by this legislation, that the sword cuts both ways.

Under the Pay Comparability Act of 1970, we have virtually guaranteed pay adjustments for Federal employees whenever statistics show that such adjustments are warranted on the basis of wage increases in private industry. Conversely, by this legislation, we are requiring the Federal employee to make the same sacrifices in personal gains that are required of their fellow Americans who work in private industry. The net result is that the Federal worker will be treated no better and no worse than his counterpart in private industry.

The President has stated that policies and procedures will be developed to maintain economic growth without inflationary increases after

the end of the current 90-day wage-price freeze. Should these procedures impose further restrictions on wage increases for employees in private enterprise, such restrictions would be equally applicable to Federal employees under the provisions of this bill. We are confident that Federal employees will be willing to make such sacrifices so long as they receive equal treatment with private employees in all other respects.

#### SECTION ANALYSIS

This bill places a limitation on the comparability adjustments in the rates of pay of each statutory pay system which may be made effective on the first day of the first pay period that begins on or after January 1, 1972, under the provisions of section 5305 of title 5, United States Code. The bill specifically provides that such adjustments shall not be greater than the highest of any wage or salary adjustment that may be authorized by the President under any wage or salary stabilization order in effect in January 1972. It further provides that nothing in the Act shall be construed to authorize any adjustments in rates of pay of any Federal statutory pay system which exceed the pay adjustments based on the 1971 Bureau of Labor Statistics survey.

The provisions of the bill apply only to the pay comparability adjustments which are to be based on the 1971 Bureau of Labor Statistics survey and which, under section 3(c) of the Federal Pay Comparability Act of 1970 (Public Law 91-656), are to become effective on the first day of the first pay period that begins on or after January 1, 1972. The provisions of the bill have meaning only in the event the comparability adjustments authorized for January 1972, exceed wage increases authorized by the President under a wage stabilization order that may be in effect in January 1972.

#### COST

The enactment of this legislation will not result in any additional costs to the Government. There may be savings to the Government by virtue of the fact that, if H. Res. 596 is adopted by the House, this legislation may result in a lesser pay increase in January 1972, than the full comparability increase, with a corresponding reduction in Federal payroll costs.



## MINORITY VIEWS ON H.R. 10881

H.R. 10881 must be laid bare for what it is—a not too clever ploy to secure votes for House approval of H. Res. 596, disapproving the President's postponement from January 1972 to July 1972 of the so-called Federal comparability pay adjustments.

It is deceptive window dressing because—

(1) the President already has the authority it contains (the Majority report on H. Res. 596 starts out with a statement to this effect), and

(2) even if the authority were needed, the bill would have no effect without passage on H. Res. 596.

The bill was introduced on Thursday, September 23, scheduled the next legislative day in an unusual Monday session of the Full Committee, and ramrodded through Committee without hearings, by-passing the orderly procedures of Subcommittee action and without securing Administration reports. Apparently, the strategy of the proponents of the bill was to secure House action in conjunction with the call-up of the privileged resolution, H. Res. 596.

Should that timetable prevail, the proponents hope to secure votes for House adoption of H. Res. 596 on the basis that action by the House to approve H.R. 10881 “simply assures that Federal employees will be treated on the same basis as employees in private industry”.

This strategy certainly should be unmasked for the hoax that it is. It certainly has no relationship whatsoever to the central issue of H. Res. 596.

The issue, as we indicated in the Minority Report on H. Res. 596, is not whether Federal employees are to be “treated equitably” but whether the President should be sustained in his efforts to create new jobs, hold down the cost-of-living, and otherwise stabilize the American economy.

The vital keystone on which the President's program is based is his minimum target reduction of \$5 billion in Federal spending. He will achieve that reduction under the plans he has announced only if the pay raise for Federal employees is postponed from January 1, 1972 to July 1, 1972. The necessary reduction in his fiscal 1972 budget is predicated on the actual six months' delay, and not on a reduced pay raise effective January 1, a fact which the proponents of the resolution seem to ignore.

In other words, if the House, by approving H. Res. 596, forces the President to institute full pay comparability effective January 1, or if the Congress, by approving both H. Res. 596 and H.R. 10881, forces the President to set a lower pay raise for Federal employees, still effective January 1, either of these actions will negate the President's efforts to reduce the fiscal 1972 budget.

The critical fact remains that there must be a delay of 6 months, from January until July 1972, of any Federal pay raise in order to

promote economic recovery. A full comparability pay raise, or a one-half comparability pay arise, effective January 1, forced through by the Congress, would be an act of utter fiscal irresponsibility.

We suggest that the proponents of the legislation, in hitching their wagon to "the highest of any wage or salary adjustment that may be authorized under any wage or salary stabilization order issued by the President," should consider possible consequences of this action. This attempt to straightjacket the President into a pay increase for Federal employees could—and we emphasize this fact—produce a counterbalancing action with respect to private industry, requiring harsher controls than were anticipated.

Conceivably, the enactment of this legislation would have a boomerang effect on all American workers in the private sector. It could result in a continuation or a reinstitution of a general wage freeze affecting both private and public employees in order to achieve the net result of stabilizing the economy. It could force the President to set harsher "guidelines" than he might otherwise propose and prevent him from being able to correct inequities that developed during the freeze period.

The argument that the majority makes in its report that "this legislation may result in a lesser pay increase in January 1972, with a corresponding reduction of Federal payroll costs" is specious and should be rejected.

Should this legislation, through enactment, result either directly or indirectly in overturning the President's projected plan to postpone any Federal pay increase for a period of six months, there will be a significant increase in the \$50 billion Federal payroll in the fiscal 1972 budget. It conceivably could be as much as \$1.2 billion, the amount which the President proposes to trim from the 1972 budget.

We must reemphasize that the crucial vote by the House will occur on H. Res. 596, on whether the President's postponement of Federal pay raises for 6 months should be sustained or not. This is the critical vote, regardless of what action the House may take on H.R. 10881. The objectives of the two bills must be kept separate and Members should not be influenced to support H. Res. 596 under the devious proposition that passage of H.R. 10881 will make their support of H. Res. 596 more palatable to the people, who will not be fooled by—or even understand—the devious parliamentary shenanigans involved herein. Regardless of what action is taken on H.R. 10881, the American people will still expect the Congress to support the President in his total efforts to stabilize the American economy by voting against the resolution of disapproval, H. Res. 596.

DAVID N. HENDERSON.

H. R. GROSS.

EDWARD J. DERWINSKI.

JAMES A. MCCLURE.

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